

AMENDED IN ASSEMBLY AUGUST 15, 2016

AMENDED IN ASSEMBLY JUNE 16, 2016

AMENDED IN SENATE MAY 31, 2016

AMENDED IN SENATE MARCH 29, 2016

**SENATE BILL**

**No. 1465**

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**Introduced by Senator De León**

(Principal coauthor: Assembly Member Rendon)

**(Coauthors: Senators Allen, Block, Gaines, Hall, Pan, and Pavley)**

(Coauthors: Assembly Members Bonta, Chau, Chu, Dababneh, Gatto, Gipson, Gomez, Jones-Sawyer, Lopez, Low, Ridley-Thomas, and Santiago)

February 19, 2016

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An act relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

SB 1465, as amended, De León. Public contracts: 2024 Olympic Games and Paralympic Games.

Existing law provides specified requirements in awarding certain public contracts.

This bill would authorize the Governor to ~~sign agreements with the International Olympic and Paralympic Committees, as part of~~ *execute games support contracts, not to exceed a specified amount, in connection with the site selection process for the City of Los Angeles to become the host for the 2024 Olympic Games and Paralympic Games. Games, that accept financial liability to provide the state security for amounts owed by the Organizing Committee for the Olympic Games (OCOG), as specified, and for any financial deficit accruing to the OCOG as a*

*result of the hosting of the games by the endorsing municipality, as defined.*

This bill would make legislative findings and declarations that, among other things, the endorsing ~~municipality, as defined,~~ *municipality* has developed a self-sufficient bid for financing the games. ~~This bill would authorize the Governor to enter into an agreement for the state to be jointly liable, not to exceed a specified amount, with the Organizing Committee for the Olympic Games (OCOG), as specified, for obligations of the OCOG, and for any financial deficit relating to the games, as provided.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. This act is known, and may be cited, as the 2024
- 2 Olympic Games and Paralympic Games Act.
- 3 SEC. 2. For purposes of this act:
- 4 (a) “Endorsing municipality” means the City of Los Angeles,
- 5 which has authorized a bid by the Organizing Committee for the
- 6 Olympic Games (OCOG) for selection of the municipality as the
- 7 site of the games.
- 8 (b) “Games” means the 2024 Olympic and Paralympic Games.
- 9 (c) “Games support contract” means a joinder agreement or a
- 10 similar contract executed by the Governor and containing terms
- 11 permitted or required by this act.
- 12 (d) “Joinder agreement” means an agreement ~~entered into by~~
- 13 ~~the Governor, on behalf of the state, and the International Olympic~~
- 14 ~~Committee and the International Paralympic Committee setting~~
- 15 ~~out representations and assurances by the state~~ in connection with
- 16 the selection of a site in this state for the location of the games.
- 17 (e) “OCOG” means a nonprofit corporation, or its successor in
- 18 interest, that:
- 19 (1) Has been authorized by the endorsing municipality to pursue
- 20 an application and bid on the endorsing municipality’s behalf to
- 21 a site selection organization for selection as the site for the games.
- 22 (2) With the authorization of the endorsing municipality, has
- 23 executed a bid committee agreement with the United States
- 24 Olympic Committee regarding a bid and the bid process to host
- 25 the games.

1 (f) “Site selection organization” means the International Olympic  
2 Committee, the International Paralympic Committee, or both, as  
3 applicable.

4 (g) “State security” means the financial obligation, not to exceed  
5 two hundred fifty million dollars (\$250,000,000), undertaken by  
6 the state pursuant to a games support contract executed by the  
7 Governor in accordance with this act.

8 SEC. 3. The Legislature finds and declares all of the following:

9 (a) The purpose of this act is to provide assurances required by  
10 a site selection organization that will select a city to host the games.

11 (b) Hosting the games in California is expected to generate  
12 billions of dollars for the state’s economy. The OCOG, on behalf  
13 of the endorsing municipality, has developed a self-sufficient bid  
14 and plan for financing the games that is based on realistic and  
15 conservative revenue scenarios and has budgeted sufficient funds  
16 to reimburse local and regional governments for services provided  
17 during the games.

18 (c) The endorsing municipality plans to host a sustainable and  
19 environmentally responsible games, has committed to sports and  
20 recreational opportunities for young people throughout each area  
21 by planning to generate a legacy for youth programs and other  
22 sports purposes in this state with excess revenues from the games,  
23 and plans to develop and implement a unique and broad-based,  
24 cultural program.

25 (d) The endorsing municipality will involve athletes, sports  
26 professionals, environmentalists, business and financial experts,  
27 nonprofit organizations, youth service leaders, and individuals  
28 who represent the entire diversity of the endorsing municipality’s  
29 state in its bid.

30 (e) The endorsing municipality expects that if it is chosen as  
31 the host city, and once the games have concluded, there will be  
32 net revenue exceeding expenses that can be devoted to legacy  
33 programs for youth and citizens of California.

34 SEC. 4. (a) The Governor may ~~agree in a joinder agreement~~  
35 ~~that the state shall, execute games support contracts on behalf of~~  
36 ~~the state that, in accordance with law and subject to the~~  
37 ~~requirements and limitations set forth in Sections 5, 6, and 7 of~~  
38 ~~this act, do the following: accept financial liability, funded solely~~  
39 ~~by means of the funding mechanism established by Sections 5, 6,~~  
40 ~~and 7 of this act, and in an aggregate amount that under no~~

1 *circumstance shall exceed two hundred fifty million dollars*  
2 *(\$250,000,000), to provide the state security for the following:*

3 ~~(a) Provide or cause to be provided any or all of the state~~  
4 ~~government funding, facilities, and other resources specified in~~  
5 ~~the OCOG's bid to host the games.~~

6 ~~(b) Accept liability, solely by means of the funding mechanism~~  
7 ~~established by Sections 5, 6, and 7 of this act, for both of the~~  
8 ~~following:~~

9 ~~(1) Obligations of Amounts owed by the OCOG to a site~~  
10 ~~selection organization, including obligations indemnifying the site~~  
11 ~~selection organization against organization for claims of and~~  
12 ~~liabilities to by third parties arising out of or relating to the games.~~

13 ~~(2) Any financial deficit relating accruing to the OCOG or the~~  
14 ~~games, not to exceed the amount appropriated to the Olympic~~  
15 ~~Games Trust Fund established in Section 5 of this act. as a result~~  
16 ~~of the hosting of the games by the endorsing municipality. Any~~  
17 ~~liability for an amount in excess of that amount the state security~~  
18 ~~of two hundred fifty million dollars (\$250,000,000) shall be the~~  
19 ~~responsibility of the OCOG. parties other than the state.~~

20 ~~(c) Acknowledge that the OCOG will be bound by a series of~~  
21 ~~agreements with the site selection organization as set forth in the~~  
22 ~~joinder agreement.~~

23 ~~(d) The Governor shall execute a joinder agreement, provided~~  
24 ~~that the parties conform to this act.~~

25 ~~(e) A~~

26 ~~(b) The games support contract contracts may contain additional~~  
27 ~~provisions that the Governor requires in order to carry out the~~  
28 ~~purposes of this act.~~

29 SEC. 5. (a) There is hereby established in the State Treasury  
30 a special fund to be known as the "Olympic Games Trust Fund."

31 (b) The state may choose to fund the Olympic Games Trust  
32 Fund in any manner it considers appropriate and at the time or  
33 times the state determines necessary. It is the intent of the  
34 Legislature that the funding mechanism for the fund shall be  
35 determined on or about the time of the selection of the endorsing  
36 municipality as the host city by the site selection organizations.

37 (c) The funds in the trust fund may be used only for the sole  
38 purpose of fulfilling the obligations of the state under a games  
39 support contract to provide ~~adequate security as described in~~  
40 ~~Section 6. the state security. Notwithstanding any other law, the~~

1 *Controller may use the funds in the trust fund for cashflow loans*  
2 *to the General Fund as provided in Sections 16310 and 16381 of*  
3 *the Government Code.*

4 (d) No additional state funds shall be deposited into the Olympic  
5 Games Trust Fund once the Director of Finance determines that  
6 the account has achieved, or is reasonably expected to otherwise  
7 accrue, ~~a sufficient balance to provide adequate security, acceptable~~  
8 ~~to the site selection organization, to demonstrate the state's ability~~  
9 ~~to fulfill its obligations under a games support contract, or any~~  
10 ~~other agreement, to indemnify and insure up to two hundred fifty~~  
11 ~~million dollars (\$250,000,000) of any net financial deficit and~~  
12 ~~general liability resulting from the conduct of the games. the~~  
13 *balance necessary to provide the state security pursuant to a games*  
14 *support contract.*

15 (e) If the endorsing municipality is selected by the site selection  
16 organization as the host city for the games, the Olympic Games  
17 Trust Fund shall be maintained until ~~a determination by the~~  
18 ~~Department of the Director of Finance is made~~ *makes a*  
19 *determination* that the state's ~~obligations~~ *obligation to provide the*  
20 *state security* under a games support contract, ~~or any other~~  
21 ~~agreement, to indemnify and insure against any net financial deficit~~  
22 ~~and general liability resulting from the conduct of the games are~~  
23 *contract has been* satisfied and concluded, at which time the trust  
24 fund shall be terminated. ~~If~~

25 (f) *If* the endorsing municipality in the State of California is not  
26 selected by the site selection organization as the host city for the  
27 games, the Olympic Games Trust Fund shall be immediately  
28 terminated.

29 (f)

30 (g) Upon the termination of the Olympic Games Trust Fund,  
31 all sums earmarked, transferred, or contained in the fund, along  
32 with any investment earnings retained in the fund, shall  
33 immediately revert to the General Fund.

34 SEC. 6. (a) Any moneys deposited, transferred, or otherwise  
35 contained in the Olympic Games Trust Fund established in Section  
36 5 shall be, upon appropriation by the Legislature, used for the sole  
37 purpose of ~~obtaining adequate security, acceptable to the site~~  
38 ~~selection organization, to demonstrate the state's ability to fulfill~~  
39 ~~its obligations under a games support contract to indemnify and~~  
40 ~~insure up to two hundred fifty million dollars (\$250,000,000) of~~

1 ~~any general liability and net financial deficit resulting from the~~  
2 ~~conduct of the games; providing the state security under a games~~  
3 ~~support contract.~~ The state security may be provided by moneys  
4 contained in the trust fund ~~as provided~~ *established* in Section 5 of  
5 this act, or by insurance coverage, letters of credit, or other  
6 ~~acceptable~~ secured instruments purchased or secured by the  
7 moneys, or by any combination ~~thereof; thereof as specified in a~~  
8 ~~games support contract.~~ In no event may the liability of the state  
9 under all games support contracts, any other agreements related  
10 to the conduct of the games, and all financial obligations of the  
11 state otherwise arising under this act, exceed two hundred fifty  
12 million dollars (\$250,000,000) in the aggregate.

13 (b) Obligations authorized by this act shall be payable solely  
14 from the Olympic Games Trust Fund. Neither the full faith and  
15 credit nor the taxing power of the state are or shall be pledged for  
16 any payment under any obligation authorized by this act.

17 SEC. 7. The state shall, ~~along with the endorsing municipality~~  
18 ~~and~~ subject to the limitations set forth in Sections 5 and 6 of this  
19 ~~act; act and the games support contract,~~ be the payer of last resort  
20 with regard to ~~any net financial deficit; the use of the state security.~~  
21 The state security ~~provided pursuant to this act~~ may not be accessed  
22 to cover any ~~general liability and net financial deficit indemnified~~  
23 ~~by the state under the obligation of the state under a games support~~  
24 ~~contract until after all of the following occur:~~

25 (a) The security provided by the OCOG is fully expended and  
26 exhausted.

27 (b) *The endorsing municipality has expended and exhausted at*  
28 *least two hundred fifty million dollars (\$250,000,000) of the*  
29 *endorsing municipality's security.*

30 ~~(b)~~

31 (c) Any security provided by any other person or entity is fully  
32 expended and exhausted.

33 ~~(e)~~

34 (d) The limits of available insurance policies ~~covering any~~  
35 ~~general liability obligation and the net financial deficit, or any~~  
36 ~~expense or liability used in determining the net financial~~  
37 ~~deficit,~~ have been fully expended and exhausted.

38 ~~(d) Payment has been sought by the OCOG~~

39 (e) *The OCOG has exhausted all efforts to seek payment from*  
40 *all third parties owing moneys or otherwise liable to the OCOG.*

1     ~~(e) The endorsing municipality has expended and exhausted~~  
2     ~~two hundred fifty million dollars (\$250,000,000) of the endorsing~~  
3     ~~municipality's security deposit.~~

4     SEC. 8. The OCOG shall list the state as an additional insured  
5     on any policy of insurance purchased by the OCOG to be in effect  
6     in connection with the preparation for and conduct of the games.

7     SEC. 9. The OCOG shall not engage in any conduct that  
8     reflects unfavorably upon this state, the endorsing municipality,  
9     or the games, or that is contrary to law or to the rules and  
10    regulations of the United States Olympic Committee and the  
11    International Olympic and Paralympic Committees.